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Description: When determining Medicaid eligibility for A/Rs who are SSI-related, ADC-related, under 21 or pregnant, any available monthly income in excess of the medically needy income level or the Public Assistance Standard of Need, whichever is higher (see pages 114 and 121), is considered available to meet the cost of medical care and services.

Policy: When the available income of the A/R is greater than the medically needy income level or the Public Assistance Standard of Need, whichever is higher, the excess is considered available to meet the cost of medical care and services. In order to become eligible for Medicaid, ADC-related, SSI-related, under 21 or pregnant A/R(s) either:

incur medical expenses equal to or greater than their excess income; or

pay the amount of the excess income directly to a local district.

NOTE: A/Rs who have income in excess of the poverty levels spenddown to the medically needy income level or the Public Assistance Standard of Need, whichever is higher, to be eligible for any Medicaid coverage.

In determining an individual's eligibility, local districts use a period of not more than six months to compute income (an accounting period). More than one accounting period may be used. The entire retroactive period may be treated as one three-month period, or the retroactive period may be divided into monthly periods. In addition, local districts are permitted to add all or part of the retroactive period to the first prospective months, for a combined period not to exceed six months.

Bills paid by a public program of the State or its political subdivisions may be used to meet an A/R's excess income liability.

A/Rs with income in excess of the applicable Family Health Plus (FHPlus) standard cannot spenddown to attain FHPlus eligibility. Applicants who are ADC-related, SSI-related, under 21 or pregnant who have medical expenses which would allow them to spenddown to full coverage under Medicaid, and who are eligible for FHPlus, complete an application and enrollment form, and are given the choice of participating in

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either in the Medicaid Spenddown Program or FHPlus. Persons eligible for both Medicaid spenddown and FHPlus are informed of the differences in services provided by each program and all the Medicaid requirements, e.g., photo ID and finger imaging, etc.

A/Rs cannot spenddown income to 250% of the federal poverty level to qualify for coverage under the Medicaid Buy-In Program for Working People with Disabilities.

References:
366 (2)(b)

SSL Sect. ***366(1)(a)(12) & (13)***

369-ee

Dept. Reg. 360-4.8

ADMs **04 OMM/ADM-5**
03 OMM/ADM-4
01 OMM/ADM-6
96 ADM-15
91 ADM-11
87 ADM-4

Interpretation:

There are two methods of applying excess income: (1) on a monthly basis for Medicaid coverage of outpatient care; and (2) on a six-month basis for Medicaid coverage for acute in-patient care in a medical facility. The use of medical expenses to offset excess income is known as "spenddown." The direct payment of excess income to the local district is known as “Pay-In.”

NOTE: When a SSI-related individual, ADC-related individual, or child under the age of 21 with excess income also has excess resources, excess income and excess resource rules (see page 339) both apply. Bills must be applied to excess resources first. Any remaining bills or portions of bills may then be used to reduce excess income.

When the income of a legally responsible relative is counted in the eligibility determination process for the applicant, medical expenses, which are the legal responsibility of the relative, may be used to offset any excess income of the applicant. Such expenses may include the personal medical expenses of the legally responsible relative as well as medical expenses of other family members for whom such relative is legally responsible.

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Medical expenses need only be incurred to establish eligibility. When an applicant provides a combination of different bills, the local district selects the appropriate bills to apply against the excess income. In determining medical expenses to be deducted from income, the following are included:

(a) expenses incurred for Medicare and other health insurance premiums, deductibles or other coinsurance charges;

(b) expenses incurred for necessary medical and remedial services that are recognized under State law but are not covered by Medicaid; and

(c) expenses incurred for necessary medical and remedial services that are covered under the Medicaid program.

When a combination of bills is presented, the local district uses its judgment in selecting the most appropriate alternatives in order to satisfy program requirements.

HIERARCHY OF BILL UTILIZATION - When presented to the local district, bills which are not payable by the Medicaid program such as paid bills, non-covered services (e.g., chiropractic) and non-participating providers, are used toward meeting the spenddown before using bills which are payable (e.g., incurred bills for covered services from participating providers). As well, medical expenses from a legally responsible relative whose income is considered available to the applicant are used in reducing the spenddown. Such bills, which are not payable by the program, are considered prior to using the applicant's incurred expenses.

A paid expense is deducted from income in the accounting period in which it is paid. This means the paid expenses cannot be used to provide more than six months of coverage (the maximum period over which income can be computed). In addition, once a six-month liability is met, and full coverage provided, any subsequent expenses paid by the recipient during such period are not carried forward to the next excess income period.

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An exception is made for expenses incurred and paid in the three-month retroactive period. When no part of the retroactive period is included in the first prospective accounting period, expenses incurred and paid during the retroactive period, which have not been used previously to establish eligibility, can be deducted from income in the first prospective accounting period.

An unpaid expense is deducted from income in the accounting period in which it is incurred. However, if the individual's liability is met in that period without deducting all incurred, unpaid expenses, the excess unpaid expenses for services not covered by the Medicaid program may be carried forward and deducted from income in a subsequent accounting period.

Unpaid expenses from the retroactive and pre-retroactive accounting periods may be carried forward and deducted from income as long as they remain viable and have not previously been used to establish eligibility.

In both these situations (excess unpaid expenses incurred in a prior accounting period, and unpaid, unused, retroactive and pre-retroactive expenses), the requirement to carry such expenses forward ends when the individual has an excess income liability that is not met, or the individual no longer has an excess income liability.

An expense paid or incurred by a public program can be used to provide no more than six months of Medicaid coverage.

The following subjects are covered in this section:

Six-month;

One-month; and

Pay-In.

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